

## Message Text

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PAGE 01 STATE 182247  
ORIGIN NEA-10

INFO OCT-01 EUR-12 ISO-00 COME-00 TRSE-00 L-03 EB-08  
CIAE-00 INR-07 NSAE-00 /041 R

DRAFTED BY USDOC:JHEARN:NEA/RA:DTMORRISON:YW  
APPROVED BY NEA/RA:SEPALMER  
COM/AGC/DIBA:KKNOWLES  
COM/DAS/DC:SMARCUSS  
COM/BIC/CAGNE:PHALE  
TREASURY/GC:BPALMER  
L/NEA:MPEAY  
R/NE:EDJEREJIAN

-----078769 040952Z /13

R 032015Z AUG 77  
FM SECSTATE WASHDC  
TO AMEMBASSY BRUSSELS

UNCLAS STATE 182247

E.O. 11652: N/A

TAGS: ETRD

SUBJECT: ARAB BOYCOTT: INTERPRETATION OF CFR 369

REF: BRUSSELS A-110

1. UNDER PRESENT COMMERCE DEPARTMENT EXPORT ADMINISTRATION  
REGULATIONS, (CFR-369) U.S. DOMESTIC CONCERNS ARE  
OBLIGED IN CERTAIN CIRCUMSTANCES TO REPORT RECEIPT  
OF BOYCOTT REQUESTS RECEIVED BY THEIR FOREIGN  
SUBSIDIARIES OR AFFILIATES. FOR EXAMPLE, IF FOREIGN  
SUBSIDIARY RECEIVES ORDER CONTAINING BOYCOTT REQUEST  
AND ORDER IS TO BE FILLED BY U.S. PARENT FIRM,  
RECEIPT OF BOYCOTT REQUEST BY SUBSIDIARY MUST BE  
REPORTED BY THE U.S. PARENT. ALSO, IN MORE GENERAL  
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CONTEXT, IF U.S. PARENT HAS KNOWLEDGE THAT GOODS  
IT IS EXPORTING TO ITS FOREIGN SUBSIDIARY  
WILL BE REEXPORTED TO BOYCOTTING COUNTRY, U.S.  
PARENT MUST REPORT ANY BOYCOTT REQUESTS RECEIVED BY  
ITS SUBSIDIARY RELATING TO SUCH GOODS.

2. ON THE OTHER HAND, BOYCOTT REQUESTS RECEIVED BY

FOREIGN SUBSIDIARIES ARE NOT REPORTABLE BY U.S. PARENT  
IF: (1) SUBSIDIARY RECEIVES BOYCOTT REQUEST IN  
CONNECTION WITH SALE OF GOODS FROM ITS OWN STOCKS

OF GOODS WHICH ARE MANUFACTURED ABROAD (I.E., NOT MANU-  
FACTURED IN THE UNITED STATES) OR (2) IF SUBSIDIARY FILLS  
ORDER FROM A STOCK OF U.S.-MADE GOODS PREVIOUSLY ACQUIRED  
BY THE SUBSIDIARY FOR RESALE TO ANY AND ALL POSSIBLE  
DESTINATIONS WITHOUT REFERENCE TO SPECIFIC ORDERS.

3. NEW ANTI-BOYCOTT PROVISIONS OF EXPORT ADMINISTRATION  
ACT AMENDMENTS OF 1977 (REF B) DIRECT THE PRESIDENT TO  
ISSUE NEW RULES AND REGULATIONS (1) PROHIBITING U.S.  
PERSONS, WITH RESPECT TO THEIR ACTIVITIES IN U.S. INTER-  
STATE OR FOREIGN COMMERCE, FROM TAKING ACTIONS WITH  
INTENT TO COMPLY WITH, SUPPORT OR FURTHER UNSANCTIONED  
FOREIGN BOYCOTTS, AND ALSO (2) REQUIRING ANY U.S. PERSON  
RECEIVING A BOYCOTT REQUEST TO REPORT RECEIPT OF REQUEST  
AND ACTION TAKEN ON SUCH REQUEST TO THE DEPARTMENT OF  
COMMERCE. U.S. PERSON IS DEFINED IN NEW AMENDMENTS TO  
INCLUDE FOREIGN SUBSIDIARIES AND AFFILIATES CONTROLLED  
IN FACT BY DOMESTIC CONCERNS, AS DETERMINED UNDER  
REGULATIONS TO BE ISSUED. THUS REGULATORY CONTROL OVER  
BOYCOTT-RELATED ACTIVITIES OF FOREIGN SUBSIDIARIES AND  
AFFILIATES WILL BE EXTENDED UNDER NEW REGULATIONS BEYOND  
THAT CONTEMPLATED UNDER PRESENT REGULATIONS. MORE  
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DEFINITIVE POSITION MUST AWAIT PROMULGATION OF NEW  
REGULATIONS.

4. UNDER TREASURY DEPARTMENT NOVEMBER 4, 1976 GUIDELINES,  
CERTIFICATION THAT GOODS NOT OF ISRAELI ORIGIN OR THAT  
OWN COMPANY OR SUPPLIER COMPANIES NOT BLACKLISTED WOULD  
NOT APPEAR TO BE COVERED BY TAX REFORM ACT ANTI-BOYCOTT  
PROVISIONS. TREASURY GUIDANCE DOES NOT RPT NOT DEAL WITH  
CASES OF CERTIFICATION THAT CARRYING VESSELS OR  
INSURANCE COMPANIES NOT BLACKLISTED. BELIEVE FIRMS  
WOULD BE ILL ADVISED TO ASSUME THAT CERTIFICATION RE VES-  
SELS OR INSURERS WOULD HAVE NOADVERSETAX CONSEQUENCES.  
(ASSUME REFERENCE TO VESSELS IS NOT TO ROUTINE-TYPE  
WAR RISK CLAUSES.)

5. SINCE SUBSTANTIAL NUMBER OF FIRMS INVOLVED IN  
BUSINESS TRANSACTIONS IN MOST BOYCOTTING COUNTRIES HAVE  
BEEN ABLE TO WORK OUT TRANSACTIONS WITHOUT USE OF BOYCOTT  
CLAUSES OR CONDITIONS, WE BELIEVE U.S. SUBSIDIARY WELL  
ADVISED TO SEEK TO DO SAME. CHRISTOPHER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ARABS, BOYCOTTS, BUSINESS FIRMS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 03-Aug-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
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**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977STATE182247  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** JHEARN:NEA/RA:DTMORRISON:YW  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**From:** STATE  
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**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** cbb08c4e-c288-dd11-92da-001cc4696bcc  
**Office:** ORIGIN NEA  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** 77 BRUSSELS A-110  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 09-Nov-2004 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 1399975  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ARAB BOYCOTT: INTERPRETATION OF CFR 369  
**TAGS:** ETRD  
**To:** BRUSSELS  
**Type:** TE  
**vdkgvwkey:** odb://SAS/SAS.dbo.SAS\_Docs/cbb08c4e-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
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